

## THE TALE OF TWO PULSES



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It's now that time of year when ideas about crop size are becoming a little more refined. The combination of provincial crop reports, satellite vegetation maps, crop tour results, phone conversations, and Twitter feeds

are all providing direction. Plus there's some good old "gut feeling" based on more than a few years of experience. Just to be perfectly clear, it's still 'guesstimating' but, as more information comes in and outcomes become more certain, those guesses are becoming a little more educated.

One of the most helpful tools when coming up with these 'guesstimates' is comparing finding a recent growing season that's similar to the current situation and then making some comparisons. That is especially the case this year, with a roller coaster of crop conditions. For 2019, the most similar crop year analog is 2015. That year, large parts of the central Prairies were also desperately dry well into the summer and crops were already being written off. In fact, the relief didn't actually show up until early July, when multiple inches of rain staved off a crop disaster for many farmers. This doesn't mean everyone (in either 2015 or 2019) got the rain and some still had to deal with poor conditions, but in both years the overall crop situation turned around from dismal to hopeful.

The reason we are comparing 2015 and 2019 is to get a feel for how much yield may have recovered after this year's extremely dry start. The crop reports from Saskatchewan Ministry of Agriculture (SMA) provide a good glimpse at how 2019 crop ratings compare with the last few years, including 2015. This year's crop recovery started earlier than 2015 and is showing a much more dramatic turnaround.

We also need to point out that it's not just the final "good/excellent" number that tells the tale. If crop ratings are improving later in the season (like they are this year), the actual yield often ends up higher than

the absolute number would suggest. This fits with many word-of-mouth reports of good-looking pea crops in Saskatchewan and Alberta.

These ratings tell us 2019 pea yields should end up to at least the five-year average of 36.9 bushels per acre, if not above. Keep in mind, Statistics Canada (StatCan) reported in late June that seeded area of peas hit a record this year at 4.33 million (M) acres. If that's the case, the starting point for the 2019/20 pea crop would be 4.25 M tonnes, up 675,000 tonnes from last year. According to StatCan, acreage of green peas expanded more than yellows which would mean a larger (percentage) production increase for greens (26%) than yellow peas (17%).

Part of that increase would be offset by a 400,000 tonne drop in old-crop carry-over but it still means larger pea supplies in 2019/20. Our conservative estimate has 2019/20 pea supplies at 4.53 M tonnes compared to 4.25 M in 2018/19, but it could be larger still. This makes the export outlook even more critical than usual, but we're still optimistic for a stronger export year in 2019/20, along with a small increase in domestic use.

Lentil crop ratings from the SMA crop reports are also showing signs of a strong turnaround since mid-June and anecdotal reports seem to confirm those ideas. Just like peas, an average lentil yield (possibly more) is certainly within reach in 2019. The comparison with 2015 is even more interesting as that year's lentil yield of 1,390 pounds per acre was actually the second highest of the past five years, possibly because the early dry conditions limited disease issues.

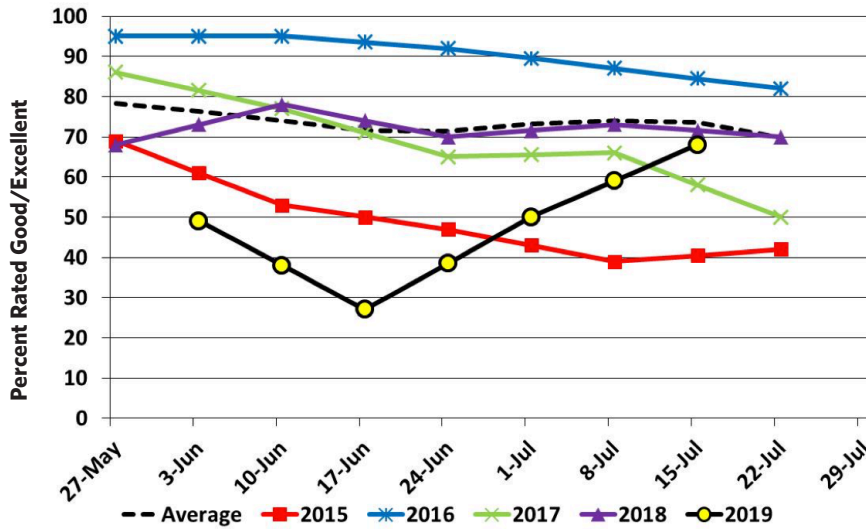
The StatCan survey results from June showed that 2019 lentil acreage was unchanged from the year before. If we apply the five-year average yield, this year's crop would end up at 2.24 M tonnes, 150,000 tonnes more than in 2018. The StatCan report also showed a 16% drop in green lentil acreage, which means that portion of the crop would actually be 10% smaller in 2019. Meanwhile, red lentil production would expand almost 20% on a combination of increased acreage and improved yield.

At the same time, we're forecasting that

the old-crop lentil carry-over will be 360,000 tonnes smaller than the previous year, leaving total 2019/20 supplies around 2.8 M tonnes, lower than the 3 M tonnes in 2018/19. If so, the smaller stocks would mean a friendlier price outlook ahead, even if exports don't improve in 2019/20. But we're a little more optimistic than that.

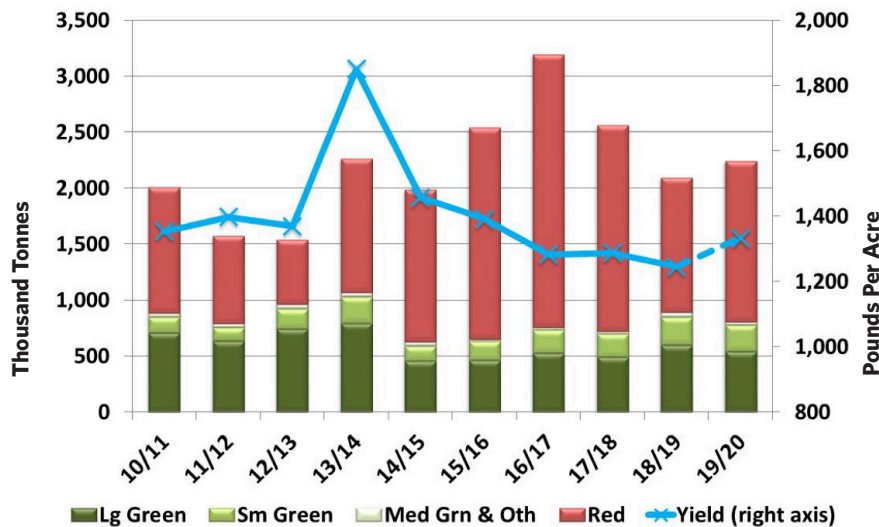
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**SASKATCHEWAN PEA CONDITIONS**



Source: Saskatchewan Ministry of Agriculture

**CANADIAN LENTIL PRODUCTION AND YIELD**



Source: LeftField Commodity Research & Statistics Canada

**Faba Bean and Feed Pea Faba Bean Feed Benchmark Bi-Weekly Report - July 19 to 23, 2019**

	CENTRAL ALBERTA	CENTRAL SASK.	SOUTH. MANITOBA
	CDN\$/T	CDN\$/T	CDN\$/T
<b>Faba Bean Feed Benchmark Price</b>	\$337.07	\$317.33	\$314.00
<b>Feed Pea Benchmark Price</b>	\$334.85	\$310.56	\$297.04

**COMPETING FEED INGREDIENTS**

	CENTRAL ALBERTA	CENTRAL SASK.	SOUTH. MANITOBA
	CDN\$/T	CDN\$/T	CDN\$/T
Feed Barley	\$265.00	\$252.00	\$285.00
Wheat - Red (12% CP)	\$256.00	\$245.00	\$262.00
Wheat - Soft White (10.5% CP)	\$256.00	\$245.00	\$262.00
Wheat DDGS	\$265.00	\$260.00	\$265.00
Corn	\$304.00	\$267.00	\$238.00
Corn DDGS	\$280.00	\$257.00	\$231.00
Canola Meal	\$340.00	\$325.00	\$320.00
Soybean Meal (46%)	\$515.00	\$492.00	\$445.00
Canola Oil	\$1,100.00	\$1,100.00	\$1,150.00

All prices are in Canadian dollars per tonne.

The feed pea and faba bean benchmark is intended to be used as a pricing reference. This benchmark provides a consistent and unbiased estimate of the feeding value of peas and faba beans in the three regions shown. Feed peas and faba beans will trade at various differentials to the benchmark based on local supply/demand, quality differences and other contract terms.



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